MSUKALIGWA
MUNICIPALITY / MUNISIPALITEIT

FINANCIAL STATEMENTS
FINANSIëLE STATE

2004/2005

MSUKALIGWA LOCAL MUNICIPALITY

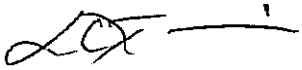
ANNUAL FINANCIAL STATEMENTS

FOR YEAR ENDED

30 JUNE 2005

I am responsible for the preparation of these annual financial statements, which are set out on page 1 to 31, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these annual financial statements are within the upper limits of the frameworks envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



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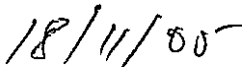
LCT Nkosi
Municipal Manager



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Date

INDEX

		Page
1	**GENERAL INFORMATION**	3
2	**ACCOUNTING POLICIES**	6
3	**STATEMENT OF FINANCIAL POSITION**	13
4	**STATEMENT OF FINANCIAL PERFORMANCE**	14
5	**STATEMENT OF CHANGES IN NET ASSETS**	15
6	**CASH FLOW STATEMENT**	16
7	**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**	17
8	**APPENDIXES**:	
A	SCHEDULE OF EXTERNAL LOANS	25
B	ANALYSIS OF PROPERTY, PLANT & EQUIPMENT	26
C	SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT	27
D	SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	28
E(1)	ACTUAL VERSUS BUDGET (Revenue and Expenditure)	29
E(2)	ACTUAL VERSUS BUDGET (Acquisition of Property, Plant and Equipment)	30
F	DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT	31

General Information

MEMBERS OF THE EXECUTIVE COMMITTEE

S S Nkonyane	:	Mayor
T A Mnisi	:	Full Time Councillor
J A Shabangu	:	Full Time Councillor
B G Kubheka	:	Councillor
L Butter	:	Councillor
G B Prinsloo	:	Councillor

SPEAKER

Councillor BC Sibeko

WARD COUNCILLORS

Ward 1	F T W Yende	Ward 8	L A Makhubedu
Ward 2	Z S Zwane	Ward 10	M J Mndebele
Ward 3	G B Prinsloo	Ward 11	B A Maseko
Ward 4	B C Sibeko	Ward 12	M F Nkosi
Ward 5	M S Nkosi	Ward 13	T A Mnisi
Ward 6	T T Malaza	Ward 14	B M Vilakazi
Ward 7	G S Greyling	Ward 16	J A Shabangu

COUNCILLORS, PROPORTIONAL

S S Nkonyane	F T Mavimbela
B G Kubheka	M S Nkosi
R Ledwaba	P A Zulu
L Butter	I L Mkhwanazi
A W Stark	M E Danka
S A Mphethi	J P Linda
T E Mdluli	N L Gininda
M R Lukhele	M Nkumane

GRADING OF LOCAL AUTHORITY	:	Grade 8
AUDITORS	:	Auditor-General
BANKERS	:	Standard Bank
REGISTERED OFFICE	:	Civic Centre C/o Church and Taute streets P.O. Box 48 ERMELO 2350
TELEPHONE	:	(017) 801 3500
FACSIMILE	:	(017) 819 3210

MUNICIPAL MANAGER	:	**Mr. L C T Nkosi**
Telephone	:	(017) 801 3752
E-Mail Address	:	lct@msukaligwa.gov.za
DIRECTOR FINANCE (Registered Municipal Accountant (Associate)	:	**Mr. H M Boers**
Telephone	:	(017) 801 3502
E-Mail Address	:	dboers@msukaligwa.gov.za
DIRECTOR CORPORATE SERVICES	:	**Mr. T V Nkosi**
Telephone	:	(017) 801 3506
E-Mail Address	:	vnkosi@msukaligwa.gov.za
DIRECTOR HEALTH & COMMUNITY SERVICES	:	**Mr. T H Kubheka**
Telephone	:	(017) 801 3753
E-Mail Address	:	thkubheka@msukaligwa.gov.za
DIRECTOR PUBLIC SAFETY & SEC.	:	**Mr. R Singh**
Telephone	:	(017) 801 3708
E-Mail Address	:	rsingh@msukaligwa.gov.za
DIRECTOR ENGINEERING	:	**Mr. M Mofokeng**
Telephone	:	(017) 801 3749
E-Mail Address	:	mmofokeng@msukaligwa.gov.za

ENQUIRIES

Building Plans	:	(017)	801 3590
Electricity	:	(017)	801 3606
Water	:	(017)	801 3592
Sewerage	:	(017)	801 3750
Consumers	:	(017)	801 3519

PAYPOINTS

Civic Centre	Telephone	:	(017)	801 3500
Thusiville	Telephone	:	(017)	801 3738
Wesselton	Telephone	:	(017)	801 3723
Van Riebeeckstr.	Telephone	:	(017)	801 3723
Breyten/ Kwazanele	Telephone	:	(017)	861 3028
Chrissiesmeer/ Kwachibikulu	Telephone	:	(017)	847 0016
Davel/Kwadela	Telephone	:	(017)	629 3035
Lothair/ Silindile	Telephone	:	(017)	845 3007

ACCOUNTING POLICY

OBJECTIVE

The objective of the annual financial statements is to be a source of information on the financial position, performance and changes in financial status of the Msukaligwa Municipality and demonstrates accountability useful to a wide range of users in making economic or political decisions.

1 BASIS OF PRESENTATION

1.1 In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year. GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in note 21.

1.2 The principal accounting policies adopted in the preparation of these annual financial statements are set out below. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2 REPRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4 RESERVES

Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised. The purpose of the CRR is to set aside cash to finance property, plant and equipment from internal sources. All cash received from the Council's coal reserves being transferred to the CRR account. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time that had historically been utilised for the acquisition of items of property plant and equipment have been transferred to a

Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive issued by National Treasury. (Budget circular) The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives off these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit)

The balance on the Capitalisation reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation reserve relating to such item is transferred to the accumulated surplus/ (deficit)

Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from such grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

5 PROPERTY, PLANT AND EQUIPMENT

An item of property, plant and equipment is recognised in the financial statements as an asset when:

- it is a resource controlled by a municipality;
- as a result of past events;
- from which future economic benefits or potential service provision is expected to flow to the municipality; and
- the cost of the asset to the municipality can be measured reliably.
- the value of the asset is in accordance with the Asset policy.

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Such assets are financed either by external loans, capital replacement reserve, government grants, and donations and public contributions.

Where historical cost could not be determined due to bulk transfers from demarcated areas, values are determined according face value of such assets and stated as fair value of such property, plant and equipment.

Heritage assets defined as of culturally significance are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Depreciation is calculated on cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates as prescribed in the Asset Management Policy under point 5 and Annexure A1.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the Statement of Financial Performance.

6 INVESTMENTS

Investments are stated at cost less impairments adjustments.

Where investments have been impaired this is recognised as an expense in the period that the impairment is identified.

Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against

the investments at a penalty interest rate to meet commitments.

7 LEASES

Leases are classified as finance leases where substantially all the risk and rewards associated with ownership of an asset are transferred to the municipality.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

Property, plant and equipment subjected to finance lease agreements or hire purchase agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

8 INVENTORIES

Consumable stores, raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

9 ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

10 TRADE CREDITORS

Trade creditors are stated at their nominal value.

11 REVENUE RECOGNITION

Revenue from non-exchange transactions:

Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportion basis.

The Msukaligwa Local Municipality uses a differentiated site value assessment rate system. According to this assessment rates are levied on the land value of properties and rebates are granted according to the usage of a particular property.

Rebates are respectively granted to owners of land which are solely used for residential purposes. Additional relief is granted to aged and/or disabled owners, based on income and age, and such criteria as approved by Council from time to time. Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected.

Government grants and donors are recognised as revenue when all conditions with the grant have been met. Where grants have been received but the conditions are not met, a liability is raised.

Government grants and donations received for the acquiring property, plant and equipment are capitalised as capital receipts.

Revenue from Exchange transactions:

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed. Revenue from the sale of pre-paid electricity is recognised at the point of sale.

Revenue arising from the application of the approved sundry tariff charges is generally recognised when the relevant service is rendered.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariffs to each property per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage are based on the approved tariffs to each property owner and are levied monthly. (Owner service)

Interest and rentals are recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where grants have been received and conditions have not been met, a liability is recognised.

12 RETIREMENT BENEFITS

The municipality provides retirement benefits to its employees and councillors contribute to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund

- Municipal Gratuity Fund
- SALA Pension Fund

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

13 CONDITIONAL GRANTS AND RECEPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations in accordance with an agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

14 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

15 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of six months or less.
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call accounts with banks and investments in financial instruments, net of bank overdrafts.
Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the MFMA, the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18 FRUITLESS AND WASTEFULL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19 FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20 COMPARATIVE INFORMATION

Current year comparatives: Budgeted amounts have been included in the annual financial statements for the current year only.

Prior year comparatives: When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

21 PROVISION FOR BAD DEBT

An annual contribution is made towards a working capital provision for non-recoverable rates and service fees.

22 SEGMENTAL INFORMATION

Segmental information on property, plant and equipment as well as income and expenditure is set out in Appendix B and E based on the international government financial statistics classifications and the budget reform formats as prescribed by National Treasury.

23 SURPLUSES AND DEFICITS

Surpluses and deficits arising from the operations of Electricity, Water, Refuse and Sewerage Services are carried over to the Rates and General Services.

24 CONSUMER DEPOSITS

All consumers are required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

MSUKALIGWA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2005

	Note	2005 R	2004 R
NET ASSETS AND LIABILITIES			
Net Assets		**183,349,477**	**214,072,973**
Housing Development Fund		0	0
Capital Replacement Reserve		0	0
Capitalisation Reserve		72,450,331	79,172,787
Government Grant Reserve		65,309,047	71,692,138
Donations and Public Contribution Reserves		0	0
Self-Insurance Reserve			0
Revaluation Reserve			0
Accumulated Surplus/(Deficit)		45,590,099	63,208,048
Non-Current Assets		**1,872,817**	**916,667**
Long-term Liabilities	1	1,872,817	916,667
Current Liabliaties		**18,337,518**	**27,682,673**
Consumer Deposits	2	3,489,779	3,311,894
Provisions	3	100,000	-303,285
Creditors	4	10,110,606	22,287,074
Unspent Conditional Grants & Receipts	5	2,788,041	1,533,540
VAT	4.1	397,907	0
Short-term Loans		0	0
Bank Overdraft	12	1,124,032	0
Current Portion of Long-term Liabilities	1	327,153	853,450
Total Net Assets & Liabilities		**203,559,812**	**242,672,313**
ASSETS			
Non-current Assets		**169,045,787**	**156,472,131**
Property, Plant & Equipment	6	167,827,876	152,635,042
Investment Property		0	0
Investments	7	4,042	1,512,278
Long-term Receivables	8	1,213,869	2,324,811
Current Assets		**34,514,025**	**86,200,182**
Inventory	9	2,462,298	2,733,022
Consumer Debtors	10	17,375,284	61,438,878
Other Debtors	11	13,657,696	19,579,815
Current portion of long-term debtors	8	899,241	693,834
Call Investment Deposits	12.1	108,236	0
Bank Balances and Cash	12	11,270	1,754,633
Total Assets		**203,559,812**	**242,672,313**

MSUKALIGWA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

Budget				Actual	
2004	**2005**		Note	**2005**	**2004**
				R	**R**
		REVENUE			
20,148,340	23,268,180	Property Rates	13	23,517,047	19,827,174
80,204,915	75,186,781	Service Charges	14	72,198,763	69,195,506
18,247,983	27,794,898	Government grants and subsidies	15	48,124,290	19,311,405
1,024,000	1,881,000	Fines		1,208,651	1,294,646
280,000	160,000	Interest earned - external investments		178,471	181,993
2,751,910	6,440,000	Interest earned - outstanding debtors		7,277,771	6,212,376
1,457,100	953,389	Rental of facilities and equipment		1,005,954	1,214,183
1,733,500	1,184,000	Licenses and permits		1,421,210	2,883,940
	1,450,000	Income for Agency services		1,878,350	
	990,050	Gains on disposal of PPE		1,388,088	
	5,370,031	Transfers from NDR to offset depreciation		13,105,548	
2,187,010	1,909,375	Internal transfers		1,834,012	1,906,833
5,141,740	559,851	Other Income	16	1,674,102	1,026,341
133,176,498	**147,147,555**	**Total revenue**		**174,812,257**	**123,054,397**
		EXPENDITURE			
57,040,369	58,332,291	Employee related costs	17	56,292,916	54,213,120
2,596,330	2,763,650	Remuneration of Councillors	18	2,634,397	2,515,136
32,308,704	19,043,286	General Expenses		13,510,869	29,512,177
	232,164	Interest paid	19	187,039	
25,274,941	24,666,000	Bulk purchases	20	23,597,547	24,980,316
	15,011,668	Contracted Services		11,868,907	
3,600	9,000	Collection costs		1,924	2,450
5,447,685	9,143,864	Repairs and Maintenance		6,029,759	5,202,520
1,962,262	7,008,419	Inter departmental charges		6,843,175	1,948,605
5,407,725	5,409,196	Depreciation (Capital charges 2004)		13,305,293	6,503,989
3,735,280	7,534,428	Provision for bad debts		7,534,428	3,735,280
1,200,000	2,000,000	Provision for leave		2,000,000	1,200,000
	0	Grants and Subsidies paid		0	
	0	Loss on disposal of PPE		0	
1,457,253	0	Utilised capital receipts creditors (Capex 2004)		26,592,843	1,334,776
2,407,140	19,208	Transfer to other reserves		718,106	2,407,140
138,841,289	**151,173,174**	**Total Expenditure**		**171,117,203**	**133,555,509**
-4,599,800	-5,007,574	Less amount charged out		-5,038,217	-4,599,800
-1,064,991	**981,955**	**SURPLUS/(DEFICIT) FOR THE YEAR**		**8,733,271**	**-5,901,312**

Refer to Appendix E(1) for explanation of variances

Note: Capital charges is replaced by depreciation.

MSUKALIGWA MUNICIPALITY

STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Pre-GAMAP Reserves & Funds	Housing Develop-ment Fund	Capital Replace-ment Reserve	Capitalisation Reserve	Government Grant Reserve	Donations & Public Contribution Reserve	Self-Insurance Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R
2004										
Balance on 1 July 2003	115,557,659								8,610,637	124,168,296
Implementation of GAMAP (Note 21)	-115,557,659			79,172,787	71,692,138				54,597,411	89,904,677
Change in accounting policy (Note 21)										
Balance at 30 June 2004	**0**	**0**	**0**	**79,172,787**	**71,692,138**	**0**	**0**	**0**	**63,208,048**	**214,072,973**
Corrections of Error									4,585,357	4,585,357
Change in accounting policy *(Implementation of GAMAP)*									14,205,402	14,205,402
Transfer from accumulated surplus to provision for bad debt. *(In accordance with National Treasury guidelines for implementation of accounting standards)*									-58,247,526	-58,247,526
Restated balance	**0**	**0**	**0**	**79,172,787**	**71,692,138**	**0**	**0**	**0**	**23,751,281**	**174,616,206**
2005										
Surplus / (deficit) for the year									**8,733,271**	**8,733,271**
Transfer to CRR				734,884					-734,884	
Property, plant and equipment purchased				-734,884					734,884	
Capital grants used to purchase PPE					-26,592,843				26,592,843	
Donated/contributed PPE					26,592,843				-26,592,843	
Contribution to Insurance Reserve										
Insurance claims prosessed										
Asset disposals										
Transfer to Housing Development Fund										
Offsetting of depreciation				-6,722,456	-6,383,091				13,105,547	
Balance at 30 June 2005	**0**	**0**	**0**	**72,450,331**	**65,309,047**	**0**	**0**	**0**	**45,590,099**	**183,349,477**

MSUKALIGWA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2,005 R	2,004 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		136,573,240	
Cash paid to suppliers and employees		-114,726,999	
Cash generated from (utilised in) operations	22	21,846,241	
Interest received	App E1	178,471	
Interest paid	19	-187,039	
NET CASH FROM OPERATING ACTIVITIES		21,837,673	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	-28,498,126	
Proceeds on disposal of PPE	6	879,785	
Increase in investment properties		0	
(Increase) decrease in non-current receivables	8	905,535	
Increase in non-current investments		0	
Decrease in call investment deposits	12.1	1,400,000	
NET CASH FROM INVESTING ACTIVITIES		-25,312,806	
CASH FLOWS FROM FINANCING ACTIVITIES			
New Loans raised (repaid)	1	429,853	
Increase in consumer deposits	2	177,885	
Decrease (Increase) in short-term loans			
NET CASH FROM FINANCING ACTIVITIES		607,738	
NET DECREASE IN CASH AND CASH AND EQUIVALENTS		-2,867,395	
Cash and cash equivalents at beginning of the year	12	1,754,633	9,313,441
Cash and cash equivalents at the end of the year		-1,112,762	1,754,633

MSUKALIGWA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

		2005 R	2004 R
1	**LONG-TERM LIABILITIES**		
	Local Registered Stock Loans	110,000	810,000
	Annuity loans	2,089,970	960,117
	Sub-Total	2,199,970	1,770,117
	Less : Current Portion transferred to Current Liabilities	**327,153**	**853,450**
	Local Registered Stock	-	700,000
	Annuity loans	327,153	153,450
	Total External Loans	**1,872,817**	**916,667**
2	**CONSUMER DEPOSITS**		
	Electricity and Water	3,489,779	3,311,894
	No interest is paid on deposits held		
3	**PROVISIONS**		
	Leave Reserve	100,000	(303,285)
	Total Provisions	**100,000**	**(303,285)**

The movement in current provisions are reconciled as follows:

30 June 2004	**Audit Fees**	**Leave Reserve**	**Bad Debts**
Balances at beginning of year	(94,348)	(86,782)	6,398,257
Contribution to provisions	300,000	1,200,000	3,735,280
Interest transferred			639,826
Expenditure incurred	(205,652)	(1,416,503)	(174,975)
Balance at end of year	**-**	**(303,285)**	**10,598,388**

30 June 2005	**Audit Fees**	**Leave Reserve**	**Bad Debts**
Balances at beginning of year	-	(303,285)	10,598,388
Contribution to provisions	-	2,608,974	7,534,428
Interest transferred			-
Expenditure incurred	-	(2,205,689)	(19,058)
Balance at end of year	**-**	**100,000**	**18,113,758**

4	**CREDITORS**		
	Trade creditors	1,392,304	9,095,735
	Payments received in advance	4,197,983	9,846,743
	Retentions	605,888	622,257
	Provincial Government - Vehicle Licenses	574,136	-
	Other	3,340,295	2,722,339
	Total Creditors	**10,110,606**	**22,287,074**
4.1	**VAT**		
	Opening balance	**248,351**	
	Current year input VAT	7,658,992	
	Current year output VAT	(8,056,899)	
	Amount paid (received) - previous years	(248,351)	
	Balance unpaid (Included in creditors)	(397,907)	
5	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
5.1	**Conditional Grants (App. F)**	**2,788,041**	**1,533,540**
	Training Grant (Seta)	245,214	440,780
	Finance Management Grant	474,143	806,741
	LG Support Grant	168,674	186,019
	Disaster Grant	100,000	100,000
	TB Hospital capital grant	298,398	
	Sewer capital grant	1,332,242	
	Sport fields capital grant	169,370	
6	**PROPERTY, PLANT AND EQUIPMENT** **(See separate note for detail)**		
7	**INVESTMENTS**		
	Listed Investments (O.T.K.)	4,042	4,042
	Unlisted Investments (See Note 12 for bank account - Transfer to Current Assets - Call account)	-	1,508,236
	Total Investments	**4,042**	**1,512,278**
8	**LONG TERM RECEIVABLES**		
	Vehicle Loans	1,303,987	2,605,211
	Stand Loans	735,882	381,594
	Housings	845	148
	Study Loans	72,396	606,977
		-	
	Total	**2,113,110**	**3,593,930**
	Less : Current portion transferred to current receivables	899,241	693,834
	Vehicle Loans	450,899	479,929
	Stand Loans	375,101	197,374
	Housings	845	148
	Study Loans	72,396	16,383
	Less : Amount written back from fund accounting		
	Study Loans	-	575,285
	Total	**1,213,869**	**2,324,811**

Fund total written back to accumulated surplus

Vehicle loans to senior staff are to be phased out within the next two years.

			2005	2004
			R	R
9	**INVENTORY**			
	Consumables stores at cost (Electrity stock included)		2,461,778	2,695,722
	Diesel at refuse dump site		520	26,722
	Electricity capital inventory		-	10,578
	Total Inventory		**2,462,298**	**2,733,022**
10	**CONSUMER DEBTORS**			

30 June 2004	**Gross Balances**	**Provision for Bad Debts**	**Nett Balances**
Service Debtors			
Rates and service charges	45,847,574	6,046,055	39,801,519
Electricity	12,724,133	1,677,969	11,046,164
Water	12,200,052	1,608,857	10,591,195
Indigents	1,265,506	1,265,506	-
Balance at end of year	**72,037,265**	**10,598,387**	**61,438,878**

30 June 2005	**Gross Balances**	**Provision for Bad Debts**	**Nett Balances**
Service Debtors:			
Rates and service charges	58,084,168	48,991,360	9,092,808
Electricity	16,502,242	11,022,439	5,479,803
Water	15,210,694	12,408,021	2,802,673
Indigents	3,939,463	3,939,463	-
Balance at end of year	**93,736,567**	**76,361,283**	**17,375,284**

10.1	**DEBTORS AGE ANALYSIS**			
	Rates and Service charges	Current	5,061,555	
		30 days	2,195,911	
		60 days	1,835,342	
		90 days and over	48,991,360	
	Electricity	Current	3,797,579	
		30 days	971,385	
		60 days	710,839	
		90 days and over	11,022,439	
	Water	Current	1,758,451	
		30 days	564,499	
		60 days	479,723	
		90 days and over	12,408,021	
	Indigent debtors in abeyance	90 days and over	3,939,463	
	Total		**93,736,567**	
11	**OTHER DEBTORS**			
	Equitable Share		731,601	3,818,413
	Dept. of Health - TB Hospital		208,092	489,556
	Provincial Government - Vehicle Licenses		-	748,075
	Fire Fighting - District Municipality		-	208,031
	Comparex - Computer Services		304,861	375,271
	VAT		-	248,351
	Other sundry debtors		12,413,142	13,692,118
	TOTAL		**13,657,696**	**19,579,815**

12 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Standard Bank Operating account 031 077 110
Standard Bank Call account 7 3888753 6-001
Standard Bank Marketlink account 33 551 552 5

Current Account (Primary Bank Account)

Standard Bank
Account No 031 077 110

Cashbook balance at the beginning of the year - Positive/(Overdrawn)			1,754,633	(20,075)
Cashbook balance at the end of the year	Note	*	(1,124,032)	1,754,633
Bank statement balance at the beginning of the year			7,033,392	
Bank statement balance at the end of the year			4,583,659	7,033,392
Petty cash balance at the beginning of the year (Included in cashbook balance)			15,420	
Petty cash balance at the end of the year (Not included in cashbook balance)		*	11,270	

NOTE:
The cashbook balance for the year ended 30 June 2004 has been changed as follow:

Cashbook balance at the end of the year 2004 (Includes petty cash)	1,773,343
Less deposit for services transferred to debtors	(23,350)
Plus credit balance to owners accumulated from maintenance paid on housing scheme transferred to creditors	4,640
Revised cashbook balance at the end of the year 2004	1,754,633

12.1	Call Account investment - at the beginning of the year		1,508,236	8,141,686
	Call Account investment - at the end of the year	*	108,236	1,508,236
	(Investment in Call account transferred to Current Assets)			
	(Transferred from Note 7 investments)			

		2005	2004
		R	R
13 PROPERTY RATES			
Actual			
Residential & Commercial Private owners		22,621,154	19,138,779
Government		895,893	688,395
		23,517,047	**19,827,174**
Valuations at 30 June 2005	**Properties**	**Land**	**Improvements**
Residential	22,495	105,318,440	740,230,990
Commercial	942	54,192,140	210,452,600
Agriculture	289	8,543,300	64,833,300
Government	208	6,731,300	40,441,900
Municipal and non-taxable		28,778,261	55,048,650
Total Property Valuations		203,563,441	1,111,007,440
14 SERVICE CHARGES			19,827,174
Sale of Electricity	100354915 kWu	42,533,843	42,231,673
Sale of Water	2834345 Kl.	10,644,436	9,569,084
Refuse Removal		8,295,992	7,539,243
Sewerage and Sanitation Charges		9,231,364	8,125,058
Other service charges		1,493,128	1,730,448
Total Service Charges		**72,198,763**	**69,195,506**
15 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		16,879,041	15,288,250
Sesifuba hospital subsidy (100% subsidised)		1,640,070	1,701,448
Primary health care subsidy (Partial subsidy for Clinic services from Health Dept.)		1,534,394	1,573,508
Capital Grants (GSDM + MIG)		26,592,843	
Other grants		1,477,942	748,199
Total		**48,124,290**	**19,311,405**

***** In terms of the constitution the equitable share is used to subsidise the provision of free basic services.
Water is provided to all residential consumers at a zero rate for the first 6 kiloliter.
Electricity basic charge is provided at zero rate for all consumers on max. 20 ampere electricity supply. Value R70 p/m
Registered indigents receive 50 units free electricity and other charges are subsidised to R111.81 per month.

16 OTHER INCOME		
Admin fees	180,124	138,802
Commission on Insurance premiums	121,870	134,791
Insurance repayments	785,911	-
Royalties Brick & Quarry	62,904	-
Royalties Mineral lease	230,952	-
Other income	292,341	752,748
Total other income	**1,674,102**	**1,026,341**
17 EMPLOYEE RELATED COST		
Employee related cost - Salaries and wages	37,702,965	38,680,480
Employee related cost - Contributions for UIF, pensions and medical aids	11,030,112	9,719,347
Travel and other allowances	2,593,045	2,679,716
Housing benefits and allowances	-	-
Overtime and relieve payments	4,966,794	3,133,577
Performance bonus	-	
Total Employee Related Cost	**56,292,916**	**54,213,120**
(Remuneration details included to Total Employee Related Cost above.)		
Section 124(1) [c]		
Remuneration of the Municipal Manager		
Annual Remuneration	492,908	457,031
Performance Bonuses	-	-
Car Allowances (Included in total package)	-	-
Contributions to Medical and Pension Funds. (Included in total package)	-	-
Contributions to UIF, etc. (Cost to Council)	-	-
Total	**492,908**	**457,031**
Remuneration of the Chief Financial Officer		
Annual Remuneration	398,503	369,497
Performance Bonuses	-	-
Car Allowances (Included in total package)	-	-
Contributions to Medical and Pension Funds. (Included in total package)	-	-
Total	398,503	369,497
Remuneration of the Deputy Municipal Manager (Acting Health & Comm)		
Annual Remuneration	412,462	382,440
Performance Bonuses	-	-
Car Allowances (Included in total package)	-	-
Contributions to Medical and Pension Funds. (Included in total package)	-	-
Total	**412,462**	**382,440**
Remuneration of the Director Engineering Services		
Annual Remuneration	398,503	369,497
Performance Bonuses	-	-
Car Allowances (Included in total package)	-	-
Contributions to Medical and Pension Funds. (Included in total package)	-	-
Contributions to UIF, etc. (Cost to Council)		
Total	**398,503**	**369,497**

		2005	2004
		R	R
Remuneration of the Director Public Safety & Security			
Annual Remuneration		398,503	369,497
Performance Bonuses		-	-
Car Allowances (Included in total package)		-	-
Contributions to Medical and Pension Funds. (Included in total package)		-	-
Contributions to UIF, etc. (Cost to Council)			
Total		**398,503**	**369,497**
Remuneration of the Director Marketing and Communication (Acting Corporate Services)			
Annual Remuneration		398,503	369,497
Performance Bonuses		-	-
Car Allowances (Included in total package)		-	-
Contributions to Medical and Pension Funds. (Included in total package)		-	-
Contributions to UIF, etc. (Cost to Council)			
Total		**398,503**	**369,497**
Remuneration of the Director Corporate Services	Vacant		
Annual Remuneration		398,503	369,497
Performance Bonuses		-	-
Car Allowances (Included in total package)		-	-
Contributions to Medical and Pension Funds. (Included in total package)		-	-
Contributions to UIF, etc. (Cost to Council)			
Total		**398,503**	**369,497**
Remuneration of the Director Health & Community Services	Vacant		
Annual Remuneration		-	369,497
Performance Bonuses		-	-
Car Allowances (Included in total package)		-	-
Contributions to Medical and Pension Funds. (Included in total package)		-	-
Contributions to UIF, etc. (Cost to Council)			
Total		**-**	**369,497**

Section 124 (1) [a]

18 REMUNERATION OF COUNCILLORS

Mayor	169,674	160,070
Speaker	76,647	72,310
Executive Committee	470,080	456,916
Councillors	946,633	906,808
Housing	108,501	102,360
Travelling allowances	418,626	392,284
Cell phone allowances	169,156	123,880
Pension contributions	233,112	256,756
Medical Aid contributions	41,968	43,752
Total Councillors Remuneration	**2,634,397**	**2,515,136**

The Mayor, Speaker and full time councilors are provided with office space. The mayor has use of a council's vehicle and driver for official duties. The Mayor and Speaker has the support of their personal assistants.

19 INTEREST PAID

Long-term Liabilities	187,039	-
Total Interest Paid	**187,039**	**-**

20 BULK PURCHASES

Electricity	137783217 kWu	22,292,703	23,539,424
Water	3164544 Kl	1,304,844	1,440,892
Total Bulk Purchases		**23,597,547**	**24,980,316**

21 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP 2004

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:

21.1 STATUTORY FUNDS

Accumulated Funds		
Balance previously reported:		
Capital Development Fund		64,646,941
Land Trust Fund		41,189,228
Donation Fund		-628,211
Capital Reserve Fund		447,874
Road Subsidy Fund		145,272
Bursary Loans Fund		1,888,508
Insurance Fund		1,014,281
Housing Development Fund		784,447
Endowment Fund		1,194,795
Loan Redemption Fund		263,017
Community Facilities		36,290
Sub-Total	**0**	**110,982,442**
Trust Funds		
Grants		174,525
Sub-Total	**0**	**174,525**

	2005	2004
	R	R
Reserves		
Renewals		46,659
Maintenance Reserve		508,455
Lost of Rental		33,448
Vehicle Stabilisation Fund		427,519
Gravel Quary Tariff Stabilisation		455,321
Labour Cost Tariff Stabilisation		142,828
Contingency Tariff Stabilisation - General		418,492
Contingency Tariff Stabilisation		1,879,995
Maintenance 19 Dwellings		34,298
Maintenance - Hostels		466,580
Loss in Rentals - 19 Dwellings		100,257
Loss in Rentals - Hostels		8,059
Assessment Rates Reduction		-117,826
Lost Library Books		-3,393
Sub-Total	**0**	**4,400,692**
TOTAL	**0**	**115,557,659**
Implementation of GAMAP		
Transfer to Capitalisation Reserve		51,123,623
Transfer to Donations on Public Contribution Reserve		-
Tranfer to Accumulated Surplus (See 21.5 below)		64,434,036
Total	**-**	**115,557,659**
21.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported		193,569,219
Implementation of GAMAP		
Written off of assets with value less than R1 000 (See 21.3 below)		1,684,918
Transferred to Accumulated Surplus (See 21.5 below)		191,884,301
TOTAL	**0**	**193,569,219**
21.3 Property, Plant & Equipment		
Balance previously reported		255,438,280
Less: Assets written off (value of less than R1 0000) (See 21.2 above)		1,684,918
TOTAL	**0**	**253,753,362**
21.4 Accumulated Depreciation		
Balance previously reported		
Implementation of GAMAP		
Backlog Depreciation: Community		2,225,519
Backlog Depreciation: Heritage		2,556
Backlog Depreciation: Infrastructure		87,164,561
Backlog Depreciation: Other		11,725,684
TOTAL (Debited to Accumulated Surplus) (See 21.5 below)	**0**	**101,118,320**
21.5 Accumulated Surplus		
Implementation of GAMAP		
Excessive provisions and reserve no longer permitted (See 21.1 Above)		64,434,036
Transfer from Loans Redeemed and other Capital Receipts (See 21.2 above)		191,884,301
Backlog Depreciation (See 21.4 above)		-101,118,320
Transfer to Government Grant Reserve		-71,692,138
Transfer to Bursary Conditional Grant		-575,285
TOTAL	**0**	**82,932,594**
22 CASH GENERATED BY OPERATIONS		
Net surplus (deficit) for the year	**8,733,271**	**(5,901,312)**
Adjustments for:-		
Depreciation	13,305,293	
Transfer from Reserves to offset depreciation	(13,105,548)	
Gain on disposal of property, plant and equipment	(1,388,088)	
Contribution to provisions - non-current	2,000,000	
Contribution from provisions - non current	(2,205,689)	
Contributions to provisions - current	100,000	
Contribution to bad debt provision	7,534,428	
Transfer from accumulated surplus to provision for bad debt	(58,247,526)	
Equity accounted share of associate's surplus	-	
Capital expenditure from grants	26,592,843	
Investment income	(178,471)	
Interest paid	187,039	
Non-operating income - no cash flow	(1,834,012)	
Non-operating expenditure - no cash flow	1,819,423	
Operating surplus before working capital charges	(16,687,037)	
(Increase) Decrease in Inventories	270,724	
(Increase)/Decrease in Debtors	44,063,594	
(Increase) Decrease in other debtors	5,922,119	
Increase/ (decrease) in conditional grant and receipts	1,254,501	
(Increase) Decrease in Provisions	(403,285)	
Increase on VAT receivable	(397,907)	
Increase/(decrease) in Creditors	(12,176,468)	
Cash generated by operations	**21,846,241**	**(5,901,312)**
23 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Cashbook balance at the end of the year	(1,124,032)	1,754,633
Petty cash	11,270	-
Total	**(1,112,762)**	**1,754,633**

			2005 R	2004 R
24	**ADDITIONAL DISCLOSURE IN TERMS OF THE MFMA**			
	Section 124 (1) [b]			
24.1	**Disclosure of concerning councillors**			
	The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2005			
	BC Sibeko		866	
	JA Shabangu		233	
	ME Danka		9,625	
	R Ledwaba		6,618	
	SA Mphethi		2,540	
	FT Yende		1,310	
	MJ Mndebele		166	
	P Zulu		2,669	
	Section 125 (1) [b]			
24.2	**Contributions to organised local government**			
	Opening balance		-	
	Council subscriptions		527,756	
	Amount paid - current year		(527,756)	
	Amount paid - previous year		-	
	Balance unpaid (included in creditors)		-	
	Section 125 (1) [c]			
	Payments to various institutions			
24.3	**Audit fees**			
	Opening balance		-	
	Current year audit fees		310,044	
	Amount paid - current year		(310,044)	
	Amount paid - previous years		-	
	Balance unpaid (Included in creditors)		-	
24.4	**VAT**			
	VAT inputs receivables and VAT outputs receivables are shown in note 4.1			
	All VAT returns have been submitted by the due date throughout the year.			
24.5	**PAYE and UIF**			
	Opening balance		-	
	Current year payroll deductions		6,598,539	
	Amount paid - current year		(6,598,539)	
	Amount paid - previous year		-	
	Balance unpaid (Included in creditors)		-	
24.6	**Pension and Medical Aid Deductions**			
	Opening balance		-	
	Current year payroll deductions and Council Contributions		14,121,836	
	Amount paid - current year		(13,214,108)	
	Amount paid - previous year		-	
	Balance unpaid (Included in creditors)		907,728	
24.7	**In kind donations or assistance**			
	The municipality received the following in kind donations or assistance:			
	First South Risk Solutions was appointed by Provincial Treasury to assist with financial risk assessment, and other financial related issues for two years from 1 January 2004 to 31 December 2005			
	Delloitte & Touche was appointed by Gert Sibande District Municipality to monitor certain issues of the MFMA related to credit control and indigent support, and establish a planned roadmap for Council.			
25	**CONTINGENT LIABILITIES**		**559,033**	
	Mr. Thomas - Unlawfull arrest - summons received and insurance company defended		5,000	
	Mrs. Nel - Unlawfull arrest - Insurance company notified - No summons received to date		5,000	
	Mr. P Malinga - Accidental death policy proceeds to municipality - Outcome of investigation positive. (Council resolution LM 1801/07/2005)		549,033	
26	**ACCUMULATED RESERVES**		**137,759,378**	
	Capitalization reserve		72,450,331	
	Government Grant reserve		65,309,047	
27	**ACCUMULATED SURPLUS**		**45,590,099**	
	Accumulated surplus		76,509,898	
	Future distributable reserve (Provision for future depreciation on assets)		27,327,727	
		27,327,727		
	Capital receipts used to finance PPE (Grant funding)	26,592,843		
	Transfer from CRR to finance PPE	734,884		
	Less: Transfer from accumulated surplus to provision for bad debt		58,247,526	

		2005 R	2004 R
28 DISCLOSURE OF BANK ACCOUNT FOR PHP HOUSING			
An account was opened in the name of the Municipality in terms of the agreement between Council and Provincial Treasury for the assistance of individual housing projects. In terms of Council resolution EXCO 1386/08/2003 the CFO was appointed the Administrator of the project. An account was opened at ABSA in the name of Msukaligwa Municipality (PHP project Validtrade 100CC) ("Trust account") Validtrade 100 cc was appointed the support organisation.			
Account number 4058192970			
Balance at beginning of year		114,287	-
Balance at end of year		1,478,424	114,287
All proceeds from the bank account less cost on such account are being paid to Provincial Treasury on monthly basis, with proper reconciliation of funds. During the year no beneficiary payments has been claimed from the funds allocated from the Mpumalanga Department of Housing.			
This account is not part of Council's financial statements and are not included in the Statement of Financial Position. The account is held as a "trust account" on behalf of the Support organisation in favour of beneficiaries in terms of the agreement between Validtrade 100cc and the Provincial Housing Department.			
29 STATISTICAL INFORMATION			
ELECTRICITY			
Purchase cost		R 22,292,703	R 23,539,424
Total cost (include streetlighting)		R 39,091,921	R 36,494,719
Sales income		R 42,533,843	R 42,231,673
Purchased units	kWh	137,783,217	114,539,817
Sold units	kWh	100,354,915	96,326,307
Units loss in distribution	kWh	37,428,302	18,213,510
Cost of loss in distribution		R 6,055,899	R 3,742,876
Loss in distribution		27.16%	15.90%
Benchmark norm for distribution losses		10.00%	10.00%
Nett loss in distribution		17.16%	5.90%
Cost per unit based on purchase cost		0.1618	0.2055
Cost per unit based on purchase cost		0.2837	0.3186
Income per unit		0.4238	0.4384
Nett loss in distribution over and above the benchmark losses - units		23,647,631	6,758,472
Nett cost of loss in distribution over and above the benchmark losses		R 3,826,187	R 1,388,866
WATER			
Purchase cost		R 1,304,844	R 1,440,892
Total cost		R 9,634,512	R 7,772,834
Sales income		R 10,644,436	R 9,749,628
Purchased kiloliters	Kl	3,164,544	501,783
Own resourses kiloliters	Kl	2,002,606	4,573,632
Total purified water kiloliters	Kl	5,167,150	5,075,415
Sold kiloliters plus addisional provision as calculated	Kl	3,722,817	3,383,121
Kl loss in distribution	Kl	1,444,333	1,692,294
Cost of loss in distribution		R 2,693,103	R 2,591,748
Loss in distribution		27.95%	33.34%
Benchmark norm for distribution losses		10.00%	10.00%
Nett loss in distribution		17.95%	23.34%
Cost per kiloliter purified		1.8646	1.5315
Cost per kiloliter sold		2.5880	2.2975
Income per kiloliter		2.8592	2.8818
Nett loss in distribution over and above the benchmark losses - kiloliters		927,577	1,184,707
Nett cost of loss in distribution over and above the benchmark losses		R 1,729,560	R 1,814,379
Calculation of water utilized in water provision to communities			
Kiloliters sold	Kl	2,834,345	2,779,121
Calculation of water not metered but utilized from purified water			
Backwash of purified water at purification plants	Kl	775,072	
Unmetered communities with standpipe provision	Kl	43,200	
Water provision by tankers	Kl	32,400	604,000
Unmetered new development housing projects	Kl	37,800	
Total water provision	Kl	3,722,817	3,383,121

MSUKALIGWA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

6 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Total
	R	R	R	R	R	R
Carrying value at 1 July 2004	18,520,216	94,972,796	14,595,441	9,274	24,537,315	**152,635,042**
Cost	18,520,216	182,137,358	16,820,960	11,830	37,947,916	**255,438,280**
Written off of assets under R1000					-1,684,918	**-1,684,918**
Accumulated Depreciation	0	-87,164,561	-2,225,519	-2,556	-11,725,684	**-101,118,320**
Acquisitions		24,890,849	830,630		2,776,648	28,498,127
Depreciation	770,185	9,775,428	253,184	1,092	2,505,404	13,305,293
-based on cost	17,750,031	207,026,707	17,651,590	11,830	38,931,546	281,371,704
Carrying value of disposals	770,185	1,500			108,100	879,785
Accumulated depreciation		96,938,489	2,478,703	3,648	14,122,988	113,543,828
Impairment losses						
Other movements						
Carrying values at 30 June 2005	**17,750,031**	**110,088,218**	**15,172,887**	**8,182**	**24,808,558**	**167,827,876**

APPENDIX A
MSUKALIGWA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2005

External Loans	Loan Number	Redeemable	Balance at 30 /06/2004	Received during the period	Redeemed or written off during period	Balance at 30/06/2005	Carrying value of Property, Plant & Equipment	Other costs in accordance with MFMA
Stock Loan @16.5%	No. 6	2004/12/31	700,000		700,000		350,000	
C.N.B. Nominees		2006/12/31	110,000			110,000	55,000	
			810,000		**700,000**	**110,000**		
Annuity Loans								
D.B.S.A. 13.56%	12600&12181	2014/06/30	132,240		6,843	125,397	83,980	
D.B.S.A. 17.5%	11383							
		2007/02/28	33,682		11,814	21,868	9,000	
			165,922		**18,657**	**147,265**		
Bankfin Loans								
	60890973	2008/02/01	165,042		28,665	136,377	139,867	
	64934207	2009/06/01	68,749		10,673	58,076	47,277	
	64934185	2009/06/01	68,749		10,673	58,076	51,080	
	649341193	2009/06/01	68,749		10,673	58,076	51,080	
	64934177	2009/06/01	104,811		16,270	88,541	102,943	
	64934045	2009/06/01	63,619		9,877	53,742	67,198	
	64934053	2009/06/01	63,619		9,877	53,742	66,265	
	64934010	2009/06/01	63,619		9,877	53,742	65,548	
	64934029	2009/06/01	63,619		9,877	53,742	66,265	
	94934037	2009/06/01	63,619		9,877	53,742	66,265	
	66443480	2010/01/01		170,063	35,597	134,466	150,223	
			794,195	**170,063**	**161,936**	**802,322**		
Stannic Loans								
	68195249-0002	2010/05/01		773,310		773,310	678,342	
	68195249-0003	2010/07/01		209,069		209,069	183,394	
	68195249-0004	2010/08/01		158,004		158,004	138,600	
				1,140,383		**1,140,383**		
Total			**1,770,117**	**1,310,446**	**880,593**	**2,199,970**		

APPENDIX B
MSUKALIGWA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2005

Sector / Sub-sector	Cost / Revaluation					Accumulated Depreciation				Carrying Value		Budget Additions 2005
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance			
Land												
Erven	17,645,788			-770,185	16,875,603	0	770,185	-770,185		16,875,603		0
Agricultural	874,428				874,428	0				874,428		0
	18,520,216			**-770,185**	**17,750,031**		**770,185**	**-770,185**		**17,750,031**		
Infrastructure												
Water Reticulation	32,346,504	12,948,366		-1,500	45,293,370	10,578,199	1,516,339	-1,500	12,093,038	33,200,332		10,468,000
Security Measures	616,668				616,668	368,393	49,037		417,430	199,238		
Sewerage	29,300,437	8,296,469			37,596,906	14,083,778	1,463,100		15,546,878	22,050,028		4,714,000
Roads and Storm water	76,071,177	3,646,014			79,717,191	39,179,192	4,608,005		43,787,197	35,929,994		4,680,000
Pedestrian Malls	653,986				653,986	416,544	33,130		449,674	204,312		
Electricity	42,180,265				42,180,265	22,508,891	2,104,515		24,613,406	17,566,859		1,705,000
Airport	968,321				968,321	29,564	1,302		30,866	937,455		
	182,137,358	**24,890,849**		**-1,500**	**207,026,707**	**87,164,561**	**9,775,428**	**-1,500**	**96,938,489**	**110,088,218**		
Community Assets												
Recreation Grounds	4,659,688	830,630			5,490,318	370,706	65,327		436,033	5,054,285		1,000,000
Community Buildings	12,161,272				12,161,272	1,854,813	187,857		2,042,670	10,118,602		
	16,820,960	**830,630**			**17,651,590**	**2,225,519**	**253,184**		**2,478,703**	**15,172,887**		
Heritage Assets												
Monuments	1,830				1,830	1,556	92		1,648	182		
Paintings	10,000				10,000	1,000	1,000		2,000	8,000		
	11,830				**11,830**	**2,556**	**1,092**		**3,648**	**8,182**		
Other assets												
Bins and Containers	279,576	196,482			476,058	114,287	27,958		142,245	333,813		201,000
Other Buildings	15,377,666				15,377,666	113,922	33,847		147,769	15,229,897		
Emergency Equipment	786,388				786,388	479,727	31,535		511,262	275,126		
Furniture and Fittings	1,420,430	59,418			1,479,848	1,165,273	71,899		1,237,172	242,676		
Motor Vehicles	6,612,077	987,006		-95,000	7,504,083	3,575,270	603,086	-95,000	4,083,356	3,420,727		
Office Equipment	4,275,902	829,778		-13,100	5,092,580	1,700,862	1,187,699	-13,100	2,875,461	2,217,119		830,000
Plant and Equipment	7,510,959	703,964			8,214,923	4,576,343	549,380		5,125,723	3,089,200		563,143
	36,262,998	**2,776,648**		**-108,100**	**38,931,546**	**11,725,684**	**2,505,404**	**-108,100**	**14,122,988**	**24,808,558**		
Total	**253,753,362**	**28,498,127**		**-879,785**	**281,371,704**	**101,118,320**	**13,305,293**	**-879,785**	**113,543,828**	**167,827,876**		**24,161,143**

APPENDIX C
MSUKALIGWA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2005

Department	Cost / Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Director Town Engineer		5,295			5,295					5,295
Public Works	71,797,534	4,180,684		-1,500	75,976,718	37,276,597	4,523,421	-1,500	41,798,518	34,178,200
Town Planning And Building					0				0	0
Control	65,587	31,906			97,493	39,303	7,954		47,257	50,236
Street lights	2,226,438				2,226,438	663,050	101,114		764,164	1,462,274
Airport	1,088,979				1,088,979	150,222	1,302		151,524	937,455
Sewerage Network	36,759,896	8,296,469			45,056,365	17,510,899	1,895,458		19,406,357	25,650,008
Water Network	31,607,561	12,948,366			44,555,927	10,138,140	1,480,496		11,618,636	32,937,291
Electricity	42,276,260				42,276,260	22,321,857	2,180,671		24,502,528	17,773,732
Fire Brigade Services	2,396,016				2,396,016	1,364,607	119,190		1,483,797	912,219
Safety and Security	281,268				281,268	189,733	16,502		206,235	75,033
Licensing	950,274	7,050			957,324	331,266	77,975		409,241	548,083
Traffic	1,163,695	177,113			1,340,808	668,856	107,782		776,638	564,170
Parking Meters	441,228				441,228	154,430	22,062		176,492	264,736
Cemeteries	416,947				416,947	74,621	4,064		78,685	338,262
Parks and Grounds	2,321,306				2,321,306	563,834	123,788		687,622	1,633,684
Environmental Health	355,059	6,500			361,559	235,338	40,759		276,097	85,462
Clinics	1,279,842				1,279,842	88,333	1,292		89,625	1,190,217
Tuberculosis Hospital	225,908	7,050			232,958	38,410	6,054		44,464	188,494
Welfare	6,050				6,050	6,050			6,050	0
Refuse Removal	2,961,527	1,196,818		-95,000	4,063,345	1,707,087	210,820	-95,000	1,822,907	2,240,438
Housing	2,849,835	13,550			2,863,385	361,464	30,238		391,702	2,471,683
Staff Flats	1,031,362				1,031,362	0			0	1,031,362
Mechanical Workshop	1,565,880				1,565,880	645,121	71,179		716,300	849,580
Civic Center	6,067,815				6,067,815	173,199	13,423		186,622	5,881,193
Administration	2,273,759	491,261			2,765,020	943,617	661,392		1,605,009	1,160,011
Human Recourses	132,807	20,600			153,407	34,731	30,470		65,201	88,206
Municipal Manager	126,020	2,200			128,220	59,509	21,361		80,870	47,350
I D P	26,127	8,307			34,434	11,520	5,317		16,837	17,597
Council General	28,102,812			-770,185	27,332,627	1,519,826	892,966	-770,185	1,642,607	25,690,020
Councillors	691,033	5,500			696,533	319,168	79,928		399,096	297,437
Municipal Stores	178,084	13,550			191,634	19,157	578		19,735	171,899
Finance	1,439,302	211,228		-13,100	1,637,430	837,079	284,421	-13,100	1,108,400	529,030
Marketing and Communication	281,534	23,350			304,884	194,423	27,919		222,342	82,542
Libraries	237,471	14,200			251,671	151,268	13,009		164,277	87,394
Swimming Pool	1,000,012				1,000,012	13,271			13,271	986,741
Sport Fields General	5,910,851	830,630			6,741,481	1,949,768	189,183		2,138,951	4,602,530
Golf Course	1,327,309				1,327,309	253,021	49,498		302,519	1,024,790
Sport and Recreation	1,845,828				1,845,828	65,399	13,707		79,106	1,766,722
Local Economic Development	44,146				44,146	44,146			44,146	0
Director Public Safety		6,500			6,500					6,500
	253,753,362	**28,498,127**		**-879,785**	**281,371,704**	**101,118,320**	**13,305,293**	**-879,785**	**113,543,828**	**167,827,876**

APPENDIX D

MSUKALIGWA MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

2004 Actual income R	2004 Actual expenditure R	2004 Surplus (Deficit) R	Segments	2005 Actual income R	2005 Actual Expenditure R	2005 Surplus (Deficit) R
			Town Engineer	5,295.27	2,890,421.12	(2,885,125.85)
561,927.33	9,765,231.52	(9,203,304.19)	**Public Works**	8,690,968.22	13,493,655.96	(4,802,687.74)
-	-	-	**Town Planning**	200,596.36	239,861.35	(39,264.99)
-	678,784.31	(678,784.31)	**Street Lights**	101,114.69	532,502.84	(431,388.15)
51,642.31	126,247.59	(74,605.28)	**Airport**	58,471.92	12,901.16	45,570.76
8,254,876.29	5,183,423.87	3,071,452.42	**Sewerage**	19,477,363.23	15,583,118.97	3,894,244.26
13,280,356.88	7,772,834.08	5,507,522.80	**Water**	28,510,990.51	22,584,446.98	5,926,543.53
45,102,429.92	35,815,935.19	9,286,494.73	**Electricity**	47,084,409.97	38,559,418.55	8,524,991.42
	1,752,197.20	(1,752,197.20)	**Public Safety**	31,610.03	2,772,305.42	(2,740,695.39)
270,451.62	3,195,971.35	(2,925,519.73)	**Fire Fighting**	171,947.12	2,813,341.12	(2,641,394.00)
-	9,920.42	(9,920.42)	**Disaster Management**	-	951.94	(951.94)
2,885,124.25	1,783,752.39	1,101,371.86	**Licencing**	3,379,369.73	1,701,294.38	1,678,075.35
1,063,105.73	3,176,742.80	(2,113,637.07)	**Traffic**	1,316,174.39	3,017,456.57	(1,701,282.18)
46,660.00	79,496.29	(32,836.29)	**Parking Meters**	52,757.05	37,764.52	14,992.53
-	-	-	**Director Com. & Health**	-	172,209.13	(172,209.13)
128,741.50	946,684.83	(817,943.33)	**Cemetery**	169,519.42	903,116.49	(733,597.07)
32,823.80	89,668.01	(56,844.21)	**Caravan Park**	71,095.48	74,483.21	(3,387.73)
-	2,739,606.83	(2,739,606.83)	**Parks & Recreation**	115,154.45	2,745,682.64	(2,630,528.19)
-	1,370,638.12	(1,370,638.12)	**Health Services**	47,259.11	1,043,739.19	(996,480.08)
1,574,433.75	2,188,977.60	(614,543.85)	**Health Clinic**	1,536,327.66	1,858,811.04	(322,483.38)
1,701,448.39	1,701,448.39	-	**Tuberculosis Hospital**	1,646,123.85	1,646,123.85	-
-	-	-	**Welfare**	-	279,018.36	(279,018.36)
7,715,770.61	7,115,058.19	600,712.42	**Cleansing**	8,858,717.35	7,557,319.79	1,301,397.56
355,799.76	3,063,983.45	(2,708,183.69)	**Housing**	1,733,801.01	2,910,137.16	(1,176,336.15)
320,464.23	31,586.59	288,877.64	**Staff Flats**	342,346.27	1,958.90	340,387.37
-	-	-	**Director Corp. Services**	1,052.50	123,279.38	(122,226.88)
976.30	1,136,833.89	(1,135,857.59)	**Workshop**	59,979.44	1,223,938.77	(1,163,959.33)
70,013.10	1,785,958.41	(1,715,945.31)	**Civic Centre**	131,467.82	1,352,840.31	(1,221,372.49)
37,442.70	5,358,149.73	(5,320,707.03)	**Administration**	751,320.56	5,322,319.08	(4,570,998.52)
-	-		**Human Recources**	193,794.21	5,360,722.31	(5,166,928.10)
-	1,075,066.14	(1,075,066.14)	**Municipal Manager**	21,361.32	1,308,729.65	(1,287,368.33)
-	-	-	**I.D.P.**	5,316.68	49,929.24	(44,612.56)
12,513,387.17	19,056,343.79	(6,542,956.62)	**Council's General**	15,863,521.14	12,027,169.99	3,836,351.15
-	-		**Councillors**	79,927.89	3,145,490.66	(3,065,562.77)
-	-		**Director Finance**	-	410,207.33	(410,207.33)
19,827,173.64	-	19,827,173.64	**Assessment Rates**	23,517,046.57	2,022,494.00	21,494,552.57
-	-		**Stores**	19,192.71	254,024.82	(234,832.11)
7,087,993.75	5,175,306.58	1,912,687.17	**Finance**	9,294,965.86	8,232,530.16	1,062,435.70
-	410,343.12	(410,343.12)	**Director Mark. & Com.**	-	420,230.92	(420,230.92)
6,050.00	1,739,547.70	(1,733,497.70)	**Mark & Com.**	27,918.95	1,393,252.42	(1,365,333.47)
62,870.06	1,261,246.42	(1,198,376.36)	**Library**	97,076.06	1,365,175.17	(1,268,099.11)
-	-	-	**Swimming Pool**	11,322.00	287,997.20	(276,675.20)
-	-	-	**Sport Fields**	-	-	-
-	-	-	**Golf Course**	73,219.60	848,856.28	(775,636.68)
102,434.45	3,136,619.02	(3,034,184.57)	**Sport & Recreation**	1,058,990.54	2,428,605.87	(1,369,615.33)
-	211,617.04	(211,617.04)	**L.E.D**	3,370.00	38,967.11	(35,597.11)
-	20,488.80	(20,488.80)	**Donations & Grants**	-	50,500.00	(50,500.00)
-	-	-	**Tourism**	-	17,901.51	(17,901.51)
123,054,397.54	**128,955,709.66**	**(5,901,312.12)**	**Sub-Total**	**174,812,256.94**	**171,117,202.82**	**3,695,054.12**
-	-	0.00	**Less Inter-Dep Charges**	-	(5,038,216.92)	5,038,216.92
123,054,397.54	**128,955,709.66**	**(5,901,312.12)**	**TOTAL**	**174,812,256.94**	**166,078,985.90**	**8,733,271.04**
			Add: Share of Associate			
		-5,901,312.12				**8,733,271.04**

APPENDIX E (1)

MSUKALIGWA MUNICIPALITY

REVENUE AND EXPENDITURE - ACTUAL VERSUS BUDGET - FOR THE YEAR ENDED 30 JUNE 2005

	Actual R	Budget R	Variance R	Variance %	Explanation of significant variances greater than 10% versus budget
REVENUE					
Property rates	23,517,046.57	23,268,180.00	248,866.57	1.07%	
Property rates - Penalties and collection charges	0.00	0.00	0.00	0.00%	
Service charges	72,198,763.03	75,186,781.00	-2,988,017.97	-3.97%	
Government Grants and Subsidies	48,124,289.92	27,794,898.00	20,329,391.92	73.14%	Include capital grants and donations
Fines	1,208,651.42	1,881,000.00	-672,348.58	-35.74%	Fines not realized
Interest earned - external investments	178,471.44	160,000.00	18,471.44	11.54%	Lower investments
Interest earned - outstanding debtors	7,277,771.04	6,440,000.00	837,771.04	13.01%	Lower debtor payments
Rental of facilities and equipment	1,005,953.93	953,389.00	52,564.93	5.51%	
Licenses and permits	1,421,210.00	1,184,000.00	237,210.00	20.03%	Increase in tariffs
Income for agency services	1,878,349.92	1,450,000.00	428,349.92	29.54%	Increase in license fees
Gains on disposal of property, plant and equipment	1,388,087.76	990,050.00	398,037.76	40.20%	More sales than budgeted
Other income	1,674,102.05	559,851.00	1,114,251.05	199.03%	Insurance repayments and royalties
Internal transfers	1,834,012.14	1,909,375.00	-75,362.86	-3.95%	
Transfers from N.D.R. to offset depreciation	13,105,547.72	5,370,031.00	7,735,516.72	144.05%	Depreciation on all assets: offset see exp.
Dividends received	0.00	0.00	0.00	0.00%	
Public contributions, donations/contributed PPE	0.00	0.00	0.00	0.00%	
Total Revenue	**174,812,256.94**	**147,147,555.00**	**27,664,701.94**	**18.80%**	
EXPENDITURE					
Employee related cost	56,292,915.54	58,332,291.00	-2,039,375.46	-3.50%	
Remuneration Councillors	2,634,397.15	2,763,650.00	-129,252.85	-4.68%	
General expenses - other	13,510,869.05	19,043,286.00	-5,532,416.95	-29.05%	Savings on purchase of land
Interest on external borrowings	187,039.02	232,164.00	-45,124.98	-19.44%	Loans not entered into
Bulk Purchases	23,597,546.67	24,666,000.00	-1,068,453.33	-4.33%	Savings on purchase of electricity
Contracted services	11,868,907.29	15,011,668.00	-3,142,760.71	-20.94%	Professional services savings
Collection Cost	1,924.08	9,000.00	-7,075.92	-78.62%	Collection process temporary terminated
Repairs and Maintenance	6,029,758.81	9,143,864.00	-3,114,105.19	-34.06%	Direct payment by G.S.D.M. budget
Inter departmental Charges	6,843,174.96	7,008,419.00	-165,244.04	-2.36%	
Depreciation	13,305,292.83	5,409,196.00	7,896,096.83	145.98%	Depreciation on all assets: offset
Bad debts	7,534,428.00	7,534,428.00	0.00	0.00%	
Provision for leave	2,000,000.00	2,000,000.00	0.00	0.00%	
Grants and subsidies paid	0.00	0.00	0.00	0.00%	
Loss on disposal of property, plant & equipment	0.00	0.00	0.00	0.00%	
Utilised capital receipts creditors	26,592,842.93	0.00	26,592,842.93	0.00%	Capitalising of grants
Transfer to other reserves	718,106.49	19,208.00	698,898.49	3638.58%	Transfer to C.R.R. - Capex from C.R.R.
Total Expenditure	**171,117,202.82**	**151,173,174.00**	**19,944,028.82**	**13.19%**	
Less Amount Charged Out	-5,038,216.92	-5,007,574.00	-30,642.92	0.61%	
Total Expenditure	**166,078,985.90**	**146,165,600.00**	**19,913,385.90**	**13.62%**	
NET SURPLUS / (DEFICIT) FOR THE YEAR	**8,733,271.04**	**981,955.00**	**7,751,316.04**		

APPENDIX E (2)
MSUKALIGWA MUNICIPALITY
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT - ACTUAL VERSUS BUDGET - FOR THE YEAR ENDED 30 JUNE 2005

	Actual R	Under construction R	Total Additions R	Budget R	Variance R	Variance %	Explanation of significant variances greater than 10% versus budget
Investment properties							
Erven	0.00	0.00	0.00	0.00	0.00	0.00%	
Farming Land	0.00	0.00	0.00	0.00	0.00	0.00%	
	0.00	0.00	0.00	0.00	0.00		
Infrastructure							
Airports	0.00	0.00	0.00	0.00	0.00	0.00%	
Electricity	0.00	0.00	0.00	1,705,000.00	-1,705,000.00	100.00%	Grant not received
Pedestrian Malls	0.00	0.00	0.00	0.00	0.00	0.00%	
Roads and Storm water	3,646,013.91	0.00	3,646,013.91	4,680,000.00	-1,033,986.09	22.09%	Project completed
Sewerage	8,296,469.39	0.00	8,296,469.39	4,774,000.00	3,522,469.39	73.78%	Grants Afterwards Received
Security Measures	0.00	0.00	0.00	0.00	0.00	0.00%	
Water	12,948,365.55	0.00	12,948,365.55	10,468,000.00	2,480,365.55	23.69%	Grants Afterwards Received
	24,890,848.85	0.00	24,890,848.85	21,627,000.00	3,263,848.85		
Community Assets							
Community Buildings	0.00	0.00	0.00	0.00	0.00	0.00%	
Recreational Facilities	830,630.30	0.00	830,630.30	1,000,000.00	-169,369.70	16.93%	Project completed
	830,630.30	0.00	830,630.30	1,000,000.00	-169,369.70		
Heritage Assets							
Monuments	0.00	0.00	0.00	0.00	0.00	0.00%	
Paintings	0.00	0.00	0.00	0.00	0.00	0.00%	
	0.00	0.00	0.00	0.00	0.00		
Other Assets							
Bins and Containers	196,482.00	0.00	196,482.00	201,000.00	-4,518.00	22.47%	Project completed
Buildings	0.00	0.00	0.00	0.00	0.00	0.00%	
Emergency Equipment	0.00	0.00	0.00	0.00	0.00	0.00%	
Furniture and Fittings	59,418.27	0.00	59,418.27	0.00	59,418.27	0.00%	Public Grants Received
Motor Vehicles	987,005.27	0.00	987,005.27	0.00	987,005.27	0.00%	External loans
Office Equipment	829,778.00	0.00	829,778.00	830,000.00	-222.00	2.00%	
Plant and Equipment	703,964.15	0.00	703,964.15	563,143.00	140,821.15	25.70%	Grants afterwards received
	2,776,647.69	0.00	2,776,647.69	1,594,143.00	1,182,504.69		
	28,498,126.84	0.00	28,498,126.84	24,221,143.00	4,276,983.84	17.65%	

APPENDIX F

MSUKALIGWA MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

GRANTS AND SUBSIDIES RECEIVED AND EXPENDITURE FOR GRANT AND SUBSIDIES

Name of Grant	Organ of State or Municipality	Opening Balance	Quarterly Receipts				Total Amount Received	Quarterly Expenditure				Total Amount Expenditure	Closing Balance	Grants Delayed/ Withheld	Reasons for delay OR non-compliance	Complied with conditions
			Sept.	Dec	March	June		Sept.	Dec	March	June					
CAPITAL PURPOSES																
PROJECT																
Construction : Pavilion Wesselton Stadium	Dept. Sport & Recreation	0	0	0	0	1,000,000	1,000,000	0	0	0	830,630	830,630	169,370	No	Carried over to 05/06	Yes
Sewer Pump Station (Ermelo Ext 32)	Dept. Local Gov & Housing	0	0	0	150,173	149,827	300,000	0	0	0	300,000	300,000	0	No		Yes
Bulk Sewer Nganga	Dept. Local Gov & Housing	0	0	0	1,500,000	0	1,500,000	0	0	0	167,758	167,758	1,332,242	No	Carried over to 05/06	Yes
Grant Sesifuba Hospital	Prov. Government	298,398	0	0	0	0	0	0	0	0	0	0	298,398	No	Carried over to 05/06	Yes
Total Grants Received for Capital		**298,398**	**0**	**0**	**1,650,173**	**1,149,827**	**2,800,000**	**0**	**0**	**0**	**1,298,388**	**1,298,388**	**1,800,010**			
OPERATIONAL PURPOSES																
Equitable Share	Nat. Government	0	5,382,480	5,382,480	5,382,480	731,601	16,879,041	4,219,760	4,219,760	4,219,760	4,219,761	16,879,041	0	No		Yes
Subsidy : Dept of Health	Prov. Government	0	0	580,344	0	954,050	1,534,394	468,125	453,678	480,621	131,970	1,534,394	0	No		Yes
Subsidy : Dept of Health (Sesifuba Hospital)	Prov. Government	0	98,097	648,201	127,665	766,107	1,640,070	363,677	375,200	379,160	522,033	1,640,070	0	No		Yes
Training Grant	SITA	440,779	27,163	0	311,319	6,510	344,992	86,942	155,315	130,612	167,688	540,557	245,214	No	Learner ships, to be spend 05/06	Yes
Training Grant	Gert Sibande Dist.	0	0	0	0	22,950	22,950	0	0	0	22,950	22,950	0	No	To be Received in 05/06	Yes
Finance Management Grant	Prov. Government	806,741	0	0	0	0	0	25,910	45,607	115,902	145,179	332,598	474,143	No	To be Spend in 05/06	Yes
Subsidy : Disaster Fund Fire	Prov. Government	100,000	0	0	0	0	0	0	0	0		0	100,000	No	To be Spend in 05/06	Yes
Municipal Support Grant	Prov. Government	186,019	0	1,000,000	0	0	1,000,000	73,843	245,729	0	697,772	1,017,344	168,675	No	To be Spend in 05/06	Yes
Total Grants Received for Operational Purposes		**1,533,539**	**5,507,740**	**7,611,025**	**5,821,464**	**2,481,218**	**21,421,447**	**5,238,257**	**5,495,289**	**5,326,055**	**5,907,353**	**21,966,954**	**988,032**			
TOTALS		**1,831,937**	**5,507,740**	**7,611,025**	**7,471,637**	**3,631,045**	**24,221,447**	**5,238,257**	**5,495,289**	**5,326,055**	**7,205,741**	**23,265,342**	**2,788,042**			